

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

January 8, 2010

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

Hawai'i

Consent to Extension of Lease Term, General Lease No. S-4310 Alumside  
Products, Inc., Lessee, Waiakea, South Hilo, Hawaii, Tax Map Key: 3<sup>rd</sup>/2-2-58:31.

APPLICANT AND REQUEST:

Improvements financed by Lessee, Alumside Products, Inc. pursuant to Sections 171  
36(b) in the amount of \$ 53,748.42.

In order for Lessee to amortize this expenditure, the Lessee is requesting an extension of  
General Lease No. S-4310 of 15 years, commencing on July 1, 2010 and expiring on June  
30, 2025 for an aggregate term (initial term plus all extensions) of 55 years.

LEGAL REFERENCE:

Sections 171 36(b)(3), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Lot 7, Hilo Industrial Development, Pohaku Street  
Section situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: 3<sup>rd</sup>/2-2-  
58:31, as shown on the attached map labeled Exhibit A.

AREA:

20,000 square feet, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHARACTER OF USE:

Commercial/industrial purposes.

TERM OF LEASE:

40 years, commencing on June 30, 1970 and expiring on June 29, 2010.

Requested extension of 15 years commencing on July 1, 2010 and expiring on June 30, 2025.

ANNUAL RENTAL:

Current rent is \$10,500.00, due in quarterly installments of \$2,625.00 on March 30, June 30, September 30 and December 30 of each year.

RENTAL REOPENINGS:

Reopenings in the original term were at the end of the 20<sup>th</sup>, 30<sup>th</sup> years of the term. The last rental reopening occurred on June 30, 2000.

Reopenings for the extended term shall be on January 8, 2010 (immediate reopening), and June 30, 2020 (approximately 10<sup>th</sup> year of additional term).

PROPOSED IMPROVEMENTS:

The Lessee will be making substantial improvements to the property. These improvements include the resurfacing of the parking lot, the replacement of another roll-up warehouse door and the repainting of the entire warehouse structure. The cost of these improvements is estimated to be \$53,748.42.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>  </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u>  </u>

APPLICANT REQUIREMENTS:

Applicant shall be required to pay for an appraisal for the immediate rental reopening.

The Lessee shall complete its painting, roll-up door repair/replacement, parking lot re-paving and striping work in the amount of at least \$53,748.42 and submit to Land Division staff receipts verifying payment for the improvements by December 31, 2010, or the lease extension shall be subject to cancellation.

REMARKS:

General Lease No. S-4310 was sold at public auction on June 30, 1970 to Big Island Builders, Inc. for a period of 40 years. Rental reopenings were to be on the 20<sup>th</sup> and 30<sup>th</sup> years of the lease term.

At its meeting of December 12, 1975, the Board consented to the assignment of lease from Big Island Builders, Inc., Assignor, to Isamu Hokama and Tsuyako Hokama, Assignee. On July 9, 1976, under agenda item F-1-e, the Board consented to the assignment of lease from Isamu Hokama and Tsuyako Hokama, principal owners of Alumside Products, Inc., as Assignor, to Alumside Products, Inc., as Assignee.

Alumside Products, Inc. is seeking a 15-year extension of its lease under applicable law to amortize the cost of planned improvements to the property, including repainting the exterior of the building, replacing the roll-up doors, re-paving the parking lot at a cost of \$53,748.42.

The subject parcel is located in an area served by aging and/or substandard infrastructure. The area also includes numerous other DLNR parcels currently encumbered by long term leases that are not scheduled to expire until 2025 and 2030. Upon expiration of these leases, redevelopment of the area may be necessary and appropriate, and staff believes a comprehensive long-range planning effort for the area should be undertaken. Such planning efforts would be facilitated by having all of the leases in the area expire at, or near, the same time. The requested 15-year extension, i.e., to January 19, 2025, would be consistent with this objective. Staff also acknowledges the Lessee's need to make certain improvements to continue operations during these challenging economic times.

Staff has included an applicant requirement above and recommendation below that Alumside Products, Inc. complete these repairs and improvements and submit receipts for expenditures to staff by December 31, 2010, or the consent to extension shall be subject to cancellation.

Staff additionally notes that Alumside Products, Inc. has made substantial repairs or improvements to the premises in the course of the lease. For example, in 2004, the Lessee replaced the roof and gutters of the building at a cost of \$56,500.00. In 2007, the Lessee replaced one of the roll-up doors for the warehouse at a cost of \$5,893.00. Such improvements demonstrate the Lessee's continuing efforts to maintain the building in good order and repair, although the present extension request is not based on these past improvements.

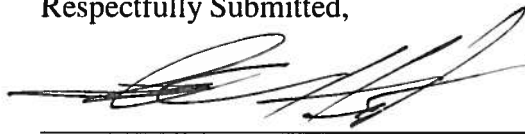
The leased premises have been used substantially for the purpose for which they were leased. There are no outstanding rental reopening issues.

No agency comments were solicited on the request because it involves sublease approvals and a lease extension, and not a new disposition.

RECOMMENDATION:

1. Authorize the extension of General Lease No. S-4310 under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
  - A. The standard terms and conditions of the most current lease extension form, as may be amended from time to time;
  - B. Alumside Products, Inc. shall complete its painting, roll-up door repair/replacement, parking lot re-paving and striping work and submit to Land Division staff receipts verifying payment for the improvements by December 31, 2010. Failure to comply will result in cancellation of lease extension;
  - C. Review and approval by the Department of the Attorney General; and
  - D. Such other conditions as may be prescribed by the Chairperson, which are in the best interests of the State.

Respectfully Submitted,



Gordon C. Heit  
Land Agent

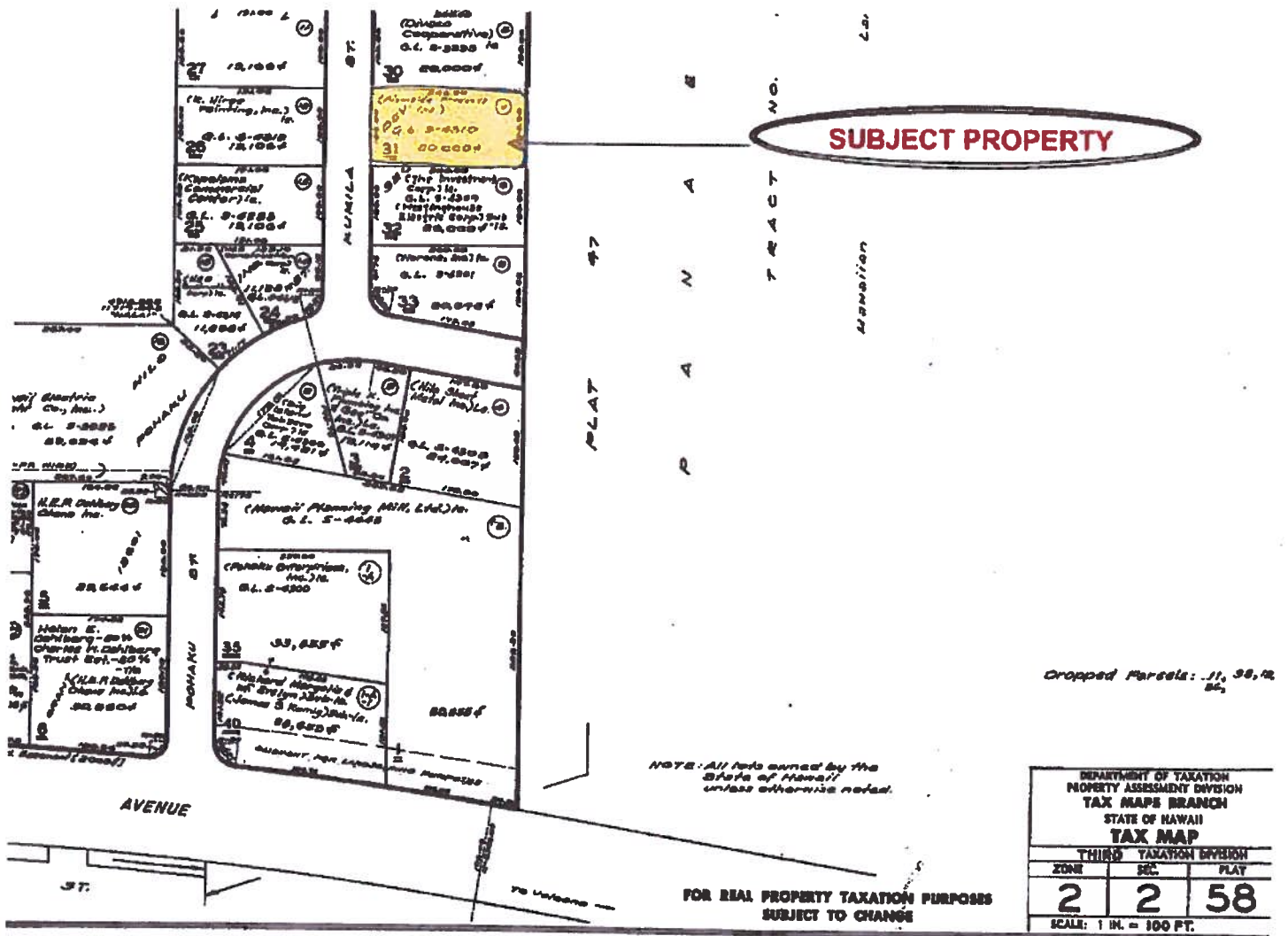


APPROVED FOR SUBMITTAL:



Laura H. Thielert, Chairperson

**TMK: 3<sup>rd</sup>/2-2-58:31**





20 KUKILA STREET  
HILO, HAWAII 96720  
FAX: 808-969-3376

October 20, 2009

Mr. Gordon Heit  
DLNR-Land Management Division

RE: GL-S4310

Mr. Heit,

Below is a list of improvements that have been done and are being planned for our building.

2004	Replaced roof of entire building	\$50,500.00
2004	Replaced gutters w/ copper gutters	\$6,000.00
2007	Replaced roll up warehouse door	\$5,893.00

**Planned improvements**

Replace roll up warehouse door	\$7,000.00
Resurface parking lot	\$38,416.42
Repainting -estimate	\$8,000.00

Conrad Hokama